



County of Los Angeles

CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012

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DAVID E. JANSSEN

Chief Administrative Officer

June 17, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors

GLORIA MOLINA

First District

YVONNE BRATHWAITE BURKE

Second District

ZEV YAROSLAVSKY

Third District

DON KNABE

Fourth District

MICHAEL D. ANTONOVICH

Fifth District

**SHERIFF'S DEPARTMENT - AERO BUREAU
AMENDED AND RESTATED LEASE AGREEMENT - LEASE NO. 17646
3235 LAKEWOOD BOULEVARD, LONG BEACH
(FOURTH) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amended and Restated Lease Agreement with the City of Long Beach (City) for 1.03 acres of expanded ramp area for a combined total of 4.39 acres including existing improvements comprised of 3,701 square feet of office and two hangars totaling 26,637 square feet at an initial annual net County cost of approximately \$115,455.
2. Find that this lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Officer (CAO) and Sheriff to implement the project. The lease will be effective upon approval by your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 1971 the County has leased 3.36 acres at the Long Beach Municipal Airport (LBMA) for the Aero Bureau operations of the Sheriff's Department. The original lease was for 20 years with six options to renew for successive five-year terms. The third term was exercised on October 14, 1998, and expires October 13, 2003.

The Honorable Board of Supervisors
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In 1991, the Sheriff Aero Bureau identified the need for upgraded maintenance hangar facilities and additional ramp space to relieve congestion around the helipad and accommodate the expansion of flight operations. However, due to budget constraints and a reduction in flight operations personnel, the acquisition of the additional ramp space at the Long Beach Municipal Airport was placed on hold.

In 1997, the Sheriff Aero Bureau received a donation from the U.S. Navy of four large Sikorsky SH-3 Sea King helicopters as replacements for the three older Sikorsky S-58T rescue helicopters. Three of the four Sea King helicopters were refurbished and are currently in service. The fourth is stored at the Aero Bureau and used for spare parts. The need for expanded law enforcement flight operations resulted in the Aero Bureau returning to pre-1991 staffing levels. Accordingly, the CAO began negotiating for additional ramp space with the City in 1997. As part of the negotiations, the City required that the 1971 lease agreement be restated as required by the Long Beach City Code. A delay in consummating the leasing transaction resulted from differences in leasing terms and conditions which have subsequently been resolved between the City and County staff.

The current fleet of aircraft maintained by the Aero Bureau is comprised of three large Sea King rescue helicopters, twelve patrol helicopters, and three airplanes. Although the existing ramp area complies with Federal Aviation Administration (FAA) minimum safe obstacle clearance and aircraft separation requirements, the limited ramp size hampers the operational efficiency of the Aero Bureau in that helicopter parking areas are used for vehicle parking, landing, take offs and air taxi of helicopters.

Additionally, your Board recently approved the purchase of 12 new American Eurocopter A-Stars to replace the smaller McDonnell Douglas helicopters. The new helicopters are larger in size and have a greater rotor disc diameter. The first new helicopter arrived May 16, 2003, and delivery of the remaining 11 will be completed in Fiscal Year 2003-04.

The acquisition of the 12 larger Eurocopter A-Stars requires additional ramp space to comply with the FAA clearance and separation requirements. Acquisition of the additional 1.03 acres of ramp space will satisfy this requirement, relieve congestion around the helipad, and provide sufficient parking for the aircraft and passenger vehicles. While the addition of the ramp

space will greatly enhance the overall operating efficiency of the Aero Bureau, the need for additional hangar space to maintain and service the larger Sea King

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helicopters still exists. Consequently, it is the County's intention to negotiate and obtain Board approval in the near future for additional hangar space at the Long Beach Municipal Airport to accommodate the maintenance and storage requirements resulting from the introduction of the larger Sea King helicopters to the fleet. This will eliminate the need to service and maintain the larger aircraft in open space and properly protect the aircraft from the elements.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we increase the safety and security of all residents in Los Angeles County through well-coordinated, comprehensive response and recovery plans for terrorist incidents (Goal 8). The proposed lease supports this goal in that additional ramp space is being obtained so that the Sheriff's Aero Bureau can safely and effectively perform their life safety duties including support of the Los Angeles County Operational Area Strategic Plan for Emergency Management Homeland Security.

FISCAL IMPACT/FINANCING

The annual cost of this lease will be \$115,455.

3235 Lakewood Blvd	Existing Lease	Restated Lease	Change
Area	3.36 acres	4.39 acres	+1.03 acres
Term	10-14-98 to 10-13-03	Approval to 10-13-03	None
Annual Rent	\$132,000	\$115,455	-\$16,545 annually -\$5,515 through 10-13-03
Cancellation	County: Anytime during the term by giving 90 days notice. City: None	County: Anytime during the term by giving 90 days notice. City: Anytime on added 1.03 acres only by giving 90 days notice and reimbursing actual cost of County improvements.	
Option to Renew	Three 5-year options remain	Three 5-year options remain	None

Rent Adjustment	Only adjustment is for the option period, each 5 years	Rent is adjusted for each 5 year option period and is subject to an annual CPI adjustment not to exceed 4% of the preceding term.	
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Upon approval of the Amended and Restated Lease Agreement, the monthly rent will be reduced from \$11,000 per month to \$9,621, an annual cost of \$115,455, resulting in a cost reduction of \$5,515 through October 13, 2003. This rental reduction is based on an appraisal required by the lease and reflects a negotiated 1998 fair market rental rate for the entire property based on an airport zoning use as opposed to a commercial use.

On October 13, 2003, the lease will terminate and the County must exercise its fourth option to renew the lease for an additional five years. This will require a new land appraisal to determine the current fair market rental value that may result in an increase in the current rent amount.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Aero Bureau site is improved with a 16,805 square foot main hangar, 9,832 square foot ancillary hangar and 3,701 square feet of office space.

The proposed Amended and Restated Lease Agreement provides for the restatement of the current lease, as required by the Long Beach City Code, for the existing 3.36 acres and for the acquisition of 1.03 acres of ramp space. The restated lease also contains the following provisions:

- The term commences upon approval by your Board and ends on October 13, 2003.
- County has an option to extend this lease for three (3) additional five-year periods by giving the City 90 days prior written notice.
- The rent for each option term shall be adjusted by an appraisal of the then fair market rental value of the leased premises and based on the prevailing rate of return, as agreed upon by both parties, but not less than 7 percent nor more than 12 percent. City staff has ordered an appraisal in order that the rental rate for the next

option period may be determined.

- The monthly rent shall be subject to an annual Consumer Price Index adjustment not to exceed 4 percent of the preceding rent period.
- There are no tenant improvements provided by the City in this lease. The Sheriff anticipates making limited improvements for repairs and added security to the ramp area acquired by this lease.
- The County has the right to cancel the entire lease at anytime by giving the City 90-days prior written notice.
- The City has the right to cancel only the additional 1.03 acres by giving the County 90-days prior written notice. In the event of such termination, County shall continue to have taxi lane access across the common taxiway area within the 1.03 acres for the term of the lease.
- If the City exercises its right to cancel the lease for the 1.03 acres of the proposed expansion ramp area within five years of the current term or option period, the Lessor shall reimburse the County the cost of any County constructed improvements up to \$400,000, based on a five-year straight-line amortization schedule. For example, if the City cancels at the end of the second year and the County has made \$400,000 of improvements, only \$240,000 would be reimbursed to the County.
- County pays all utilities and maintenance.
- County pays and maintains all risk insurance policies and has the right to self insure.

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NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15061 (b)(3) of the State CEQA Guidelines.

ENVIRONMENTAL DOCUMENTATION

Environmental Engineering, Inc. performed a Phase I and Phase II Environmental Site Assessment (ESA) of the 1.03 acre site to be leased as part of the Amended and Restated lease. Based on the Phase I ESA which evaluated the presence of known or suspected hazardous substances at the site and within a half-mile radius of the subject property, a Phase II ESA was also performed. Environmental Engineering, Inc.'s conclusion was that there was no soil contamination due to former underground storage tanks, maintenance hangar, solvent tank, clarifier on the Hagelin Lease areas or the subject property. They recommended neither further investigation nor remediation at the subject property.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will continue to provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, the Sheriff concurs in this lease recommendation.

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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
SHK:JWP:hd

Attachments (5)

c: County Counsel
Sheriff's Department

3235Lakewood.b2

**SHERIFF'S DEPARTMENT
AERO BUREAU AT LONG BEACH AIRPORT
Asset Management Principles Compliance Form¹**

1. <u>Occupancy</u>	Yes	No	N/A
A Does lease consolidate administrative functions? ²			X
B Does lease co-locate with other functions to better serve clients? ²			X
C Does this lease centralize business support functions? ²			X
D Does this lease meet the guideline of 200 sf of space per person? ²			X
2. <u>Capital</u>			
A Should program be in leased space to maximize State/Federal funding?		X	
B If not, is this a long term County program?	X		
C Is it a net County cost (NCC) program?	X		
D If yes to 2 B or C; capital lease or operating lease with an option?		X	
E If no, are there any suitable County-owned facilities available?		X	
F If yes, why is lease being recommended over occupancy in County- owned space?			X
G Is Building Description Report attached as Attachment B?	X		
H Was build-to-suit or capital project considered? Sheriff desired to retain existing site based on favorable market rate and expansion capacity.		X	
3. <u>Portfolio Management</u>			
A Did department utilize CAO Space Request Evaluation (SRE)?		X	
B Was the space need justified?	X		
C If a renewal lease, was co-location with other County departments considered?		X	
D Why was this program not co-located?			
1. <u> </u> The program clientele requires a stand alone facility.			
2. <u>X</u> No suitable County occupied properties in project area.			
3. <u>X</u> No County-owned facilities available for the project.			
4. <u> </u> Could not get City clearance or approval.			
5. <u> </u> The Program is being co-located.			
E Is lease a full service lease? ² The Airport Authority insisted on a split-service lease and will only pay taxes.		X	
F Has growth projection been considered in space request	X		
G Has the Dept. of Public Works completed seismic review/approval?			X

¹As approved by the Board of Supervisors 11/17/98

²If not, why not?

**SPACE SEARCH
IMPROVED COUNTY-OWNED AIRPORT PROPERTIES**

LACO	FACILITY NAME/ADDRESS	SQ FT GROSS	SQ. FT NET		LAND AREA ACRE'S	SQ FT AVAILABLE
4135	BRACKETT FIELD 1615 W MCKINLEY AVE, LA VERNE 91750	433,435	393,510	OWNED	131.71	Only undeveloped land is available. Development cost too high.
0370	COMPTON AIRPORT 901 W ALONDRA BLVD, COMPTON 90220	246,960	228,913	OWNED	74.27	None available.
X792	EL MONTE AIRPORT 4233 N SANTA ANITA AVE, EL MONTE 91731	302,873	280,554	OWNED	49.5	Undeveloped north end available, but would have to buy homes for aero bureau development.
4549	FOX AIRFIELD 4555 W AVE G, LANCASTER 93536	80,866	63,716	OWNED	512.05	Majority of undeveloped area is available. High development cost. Airfield is not centrally located nor adjacent to metro area.
X764	WHITEMAN AIRPORT-ABLE AIR OFFICE 12653 OSBORNE ST, PACOIMA 91331	486,140	479,718	OWNED	180.98	Very limited area available. Insufficient to meet Aero Bureau needs.

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**AMENDED AND RESTATED
LEASE AGREEMENT**

**CITY OF LONG BEACH
LANDLORD**

**COUNTY OF LOS ANGELES
TENANT**

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LIST OF EXHIBITS:

- Exhibit AA@ - Drawing of Leased Premises
- Exhibit AB@ - Legal Description of Leased Premises
- Exhibit AC@ - Drawing of Original Premises
- Exhibit AD@ - Legal Description of Original Premises
- Exhibit AE@ - FAA Assurances

1 **AMENDED AND RESTATED**

2 **LEASE AGREEMENT**

3
4 **THIS AMENDED AND RESTATED LEASE AGREEMENT** ("Lease") is
5 made and entered into as of the ____ day of _____, 2003, pursuant to minute
6 order adopted by the City Council of the City of Long Beach at its meeting of __October 2__,
7 _____, 2001, and resolution adopted by the Board of County Super- visors at its
8 meeting of _____, 200__, between the **CITY OF LONG BEACH**, a
9 municipal corporation ("LANDLORD") and the **COUNTY OF LOS ANGELES**
10 ("TENANT").

11 **1. RECITALS:** This Lease is made and entered into with reference to the
12 following facts and objectives:

13 A. LANDLORD and Airway Builders, a partnership (AAirways@) and
14 James Routh, an individual (ARouth@) entered into a Lease Agreement dated as of October
15 14, 1968 ("Original Lease"), pursuant to which LANDLORD leased Parcel A (1.404 acres),
16 Parcel B (0.823 acres) and Parcel C (2.562 acres) (AOriginal Leased Premises@) as
17 shown on Drawing No. M-975 attached hereto as Exhibit AC@to Airways and Routh.

18 B. On November 16, 1970, Airways assigned, transferred and conveyed
19 all of its right, title and interest in and to the Original Lease to Routh.

20 C. Pursuant to a First Supplemental Lease Agreement dated as of
21 January 6, 1969 (AFirst Supplement@), the parties added an additional area designated as
22 Parcel D, situated adjacent to Parcel C, to the Original Leased Premises.

23 D. Pursuant to a Second Supplemental Lease Agreement dated as of
24 August 19, 1970 (ASecond Supplement@), the parties deleted 1.196 acres of land from the
25 area designated as Parcel C of the Original Leased Premises.

26 ///

27 ///

1 E. Pursuant to a Third Supplemental Lease Agreement dated as of
2 February 28, 1973, the parties deleted 1.881 acres of land from the area designated as
3 Parcels A, B and C of the Original Leased Premises.

4 F. Pursuant to Final Order of Condemnation dated January 9, 1976,
5 issued by the Los Angeles Superior Court in Case No. C138894, entitled County of Los
6 Angeles v. James N. Routh, et al., the interest of Routh in and to 3.365 acres of land from
7 the area designated as Parcels C-3, C-4, D-1 and D-2 of the Original Leased Premises
8 (A Subject Premises@) was assigned, transferred and conveyed (ARouth Lease@) from Routh
9 to TENANT. The Original Leased Premises are legally described in Exhibit AD@ and
10 depicted in the drawing attached as Exhibit AC@, each of which is incorporated herein by
11 this reference.

12 G. Pursuant to that certain Amendment to Lease for Sheriff-s Aero
13 Bureau Site dated April 4, 1995 (AAmendment@), the parties adjusted the rent for the Routh
14 Lease for the five (5) year period commencing October 14, 1993, and provided a right of
15 cancellation to TENANT.

16 H. The parties now wish to amend and restate the Routh Lease in its
17 entirety.

18 NOW, THEREFORE, in consideration of the premises and mutual covenants
19 contained herein, the parties hereby agree as follows:

20 **2. LEASED PREMISES.** LANDLORD does hereby lease and
21 TENANT does hereby take and accept certain real property located in the City of Long
22 Beach, County of Los Angeles, State of California, consisting of approximately 4.32 acres
23 and commonly known as Parcel B-13, a, b, c, and d as shown on the drawing as Exhibit
24 "A" and as legally described on Exhibit "B" and the existing 3.36 acres commonly known
25 as Parcel B-13 as shown on Exhibit AD@, each of which is attached hereto and
26 incorporated by this reference. The area leased, includes the original Premises and four
27 additional Parcels, and the improvements thereon are collectively referred to as the

1 ///
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3 "Leased Premises." The Leased Premises are accepted by TENANT as is without any
4 warranty or representation of any kind.

5 **3. TERM.**

6 **A. TERM**

7 The term of this Lease shall commence on the Effective Date and shall
8 expire on October 13, 2003, unless this Lease is sooner terminated according to the
9 provisions herein contained.

10 **B. OPTION**

11 In the event TENANT has fully complied with each and every term, covenant
12 and condition of this Lease, TENANT may, at its option, extend this Lease for three (3)
13 additional five-year periods by giving LANDLORD written notice of its intention to exercise
14 its option at least ninety (90) days prior to the expiration of the then-current term.

15 **C. CANCELLATION**

16 TENANT shall have the right to cancel this Lease, as to the Sheriff's Aero
17 Bureau Site at any time during the term of this Lease by giving LANDLORD ninety (90)
18 days written notice of TENANT's election to do so.

19 **4. RENT.** TENANT shall pay LANDLORD, as rental for the use of the
20 Leased Premises, without reduction offset, prior notice or demand, the sum of
21 Nine Thousand Six Hundred Twenty One and 24/100 (\$9,621.24) per month ("Rent"). Rent
22 shall be payable in advance on the first day of each calendar month commencing on the
23 Effective Date. In the event the Effective Date is a day other than the first day of the month,
24 Rent due for that month shall be prorated on the basis of a thirty (30) day month.

25 **5. ADJUSTED RENT.**

26 **A. CPI ADJUSTMENT**

27 Rent shall be subject to an automatic adjustment annually commencing on
October 14, 2004 (Adjustment date), and thereafter on each anniversary of the

1 adjustment date during the term of this Lease, including any Option Term. The adjustment
2 shall be made by comparing the Consumer Price Index (CPI) for Los Angeles-Anaheim-
3 Riverside (1982-84=100) for all Urban ConsumersCAll Items, promulgated by the Bureau
4 of Labor Statistics of the U.S. Department of Labor, Bureau of Statistics (AIndex@), or its
5 successor in function, which is published nearest the adjustment date (ACurrent Index@),
6 with the Index published nearest October 1, 2003 (ABeginning Index@). Rent shall be
7 adjusted on each adjustment date by the same percentage as the change in the Consumer
8 Price Index. In no event shall the adjusted rent be less than the rent paid immediately
9 preceding the adjustment date in question, provided that the annual adjustment of Rent
10 shall not increase Rent for the next succeeding period by more than four percent (4%) from
11 the amount of Rent for the immediately preceding period.

12 B. OPTION TERM PAYMENT

13 Within one hundred eighty (180) days prior to the expiration of the original
14 term of this Lease, and within one hundred eighty (180) days of the expiration of the each
15 Option Term, the rent for the Option Term shall be adjusted by an appraisal of the then fair
16 market rental value of the Leased Premises in accordance with this sub- paragraph (B).
17 When this process is utilized, it establishes rent for the period of each Option Term. The
18 automatic CPI adjustments shall continue to be utilized through each term, or extended
19 term, of this Lease.

20 (1) Adjusted rent for each Option Term shall be established on or
21 before the effective date of the Option Term, and shall be based on the prevailing
22 rate of return on the fair market value of the Leased Premises. The fair market land
23 value and prevailing rate of return shall be established by agreement between
24 LANDLORD and TENANT. All appraisals as described herein shall be based on
25 valuation of land without improvements.

26 (2) Should the parties not reach agreement, the adjusted rent shall
27 be determined by appraisals prepared by both parties. In determining fair market

1 rental, the appraisal shall establish the fair market value of the Leased Premises
2 and the rate of return on comparable properties at the time of the appraisal. In no
3 event shall the rate of return be more than twelve percent (12%), nor less than seven
4 percent (7%), as determined by the then current market conditions. The appraisers
5 must recognize similar usage and facilities and market conditions that prevail as of
6 the date of land valuation. All appraisals shall be in the form of written reports
7 supported by facts and analysis.

8 (3) The two appraisers shall be appointed within ten (10) days
9 after either party declares an impasse to exist in rental negotiations. One appraiser
10 shall be appointed by the LANDLORD at its expense and one appraiser shall be
11 appointed by the TENANT at its expense. Both appraisers shall be California State
12 Certified Real Estate Appraisers who have a minimum five (5) years experience in
13 appraisal of airport property. Both appraisals must be submitted to the respective
14 parties within forty-five (45) days after the appointment. The two appraisals shall be
15 averaged to establish the adjusted rent unless the higher of the two appraisals
16 exceeds the lesser by ten percent (10%) or more, in which case the two appraisers
17 shall appoint a third appraiser, also a California State Certified Real Estate
18 Appraiser. The third appraiser shall be appointed within thirty (30) days after
19 determination that the higher appraisal exceeds the lesser by more than ten percent
20 (10%). The two appraisers shall make a good faith effort to agree; however, should
21 the two appraisers not agree on a third appraiser, the third appraiser shall be
22 appointed by the following method: The appraisers shall obtain a list from the
23 Appraisal Institute of MAI appraisers in Los Angeles and Orange Counties having
24 experience appraising airport properties. Within five (5) working days of obtaining
25 this list the two appraisers shall strike names from that list, in turn (LANDLORD's
26 appraiser to strike the first name), until one (1) name appears. That person shall be
27 the third appraiser. The cost of such third appraiser shall be shared equally by

1 LANDLORD and TENANT. The third appraiser shall, within forty-five (45) days after
2 appointment, determine the rental value to equal either LANDLORD's or TENANT's
3 appraised rental value and no other value. Each appraiser may submit to the third
4 appraiser such supporting data and other information which the appraiser feels may
5 be relevant under the circumstances. The rental value established as the adjusted
6 rent at each rental adjustment date shall in no case be lower than the adjusted rent
7 for the immediately preceding lease year.

8 (4) The appraisers selected by the parties shall have their
9 principal place of business in Los Angeles County or Orange County, California,
10 and shall not have a financial, family, business or other interest in either
11 LANDLORD or TENANT. In addition, appraisers shall have a minimum of ten (10)
12 years experience in appraisals of airport related facilities. The appraisers shall act
13 in good faith, and the cost of the aforementioned third appraiser selected by the
14 appraisers selected by the parties shall be divided equally between LANDLORD
15 and TENANT. Except as provided in subparagraph 5 below, during the
16 renegotiation period TENANT shall continue to pay monthly rental on the basis of
17 the then-current Rent. LANDLORD and TENANT agree that the difference between
18 the adjusted rent and the rent paid during the period of renegotiation shall be
19 adjusted and paid within sixty (60) days after the adjusted rent is determined.

20 (5) Failure by LANDLORD or TENANT, or their respective
21 appraiser, to strictly comply with the procedure contained in subparagraphs (3) and
22 (4) above (including meeting all deadlines) shall, upon three days= written notice,
23 allow the complying party's appraised rental value to be effective immediately
24 thereafter until the entire appraisal process is properly completed.

25 The rental paid after such three day notice shall be adjusted and, if necessary,
26 refunded within sixty (60) days after the adjusted rent is determined.

27 (6) Upon determining the adjusted rent (whether by agreement or

1 as a result of arbitration), the parties shall promptly execute a memorandum
2 agreement setting forth the adjusted rent for the period of the Option Term, and the
3 effective date of the subject rent adjustment.

4 **6. LATE PAYMENT.** Payment of Rent and Adjusted Rent shall be
5 considered delinquent on the tenth day of the month following the date due. TENANT
6 understands and agrees that LANDLORD shall not be obligated to bill or otherwise advise
7 TENANT of the date when rental charges are due and payable. If Base Rent, Additional
8 Rent or Adjusted Base Rent, or other monies required to be paid to LANDLORD under
9 this Lease is not paid when due, a late payment penalty of \$3.50 per day shall accrue until
10 said payment is made. Rental payments not made within thirty (30) days from the date first
11 due shall be deemed to be in default and the Lease may be subject to termination in
12 accordance with paragraph 31 below.

13 **7. USE OF PREMISES.** TENANT is authorized to use the Leased
14 Premises for the Los Angeles County Sheriff's Aero Bureau and such other uses as are
15 incidental to and consistent therewith. Any other use of the Leased Premises must have
16 prior written approval by the Manager of the Airport (AAirport Manager@).

17 **8. COMPLIANCE WITH LAW.** No improvements or structures either
18 permanent, temporary or portable, shall be erected, placed upon, operated or main-
19 tained on the Leased Premises, nor shall business or any other activity be conducted or carried
20 on, in, onto, or from the Leased Premises in violation of the terms of this Lease or any duly
21 adopted rules, regulations, orders, law, statute, bylaw, or ordinance of any governmental
22 agency having jurisdiction over the Leased Premises. The uses set forth in Paragraph 7 of
23 this Lease are permitted under existing laws and regulations.

24 **9. IMPROVEMENTS.** TENANT shall not construct or make any
25 improvements or alterations to the Leased Premises without the prior written consent of
26 LANDLORD, which consent shall not be unreasonably withheld. LANDLORD shall have
27 thirty (30) days from receipt of a request from TENANT to consider the request. The failure

1 of LANDLORD to respond to the request of TENANT within said thirty (30) day period shall
2 be deemed to be consent to the proposed improvement or alteration. Any improvement or
3 alteration to the Leased Premises shall be constructed, erected and installed in
4 accordance with all ordinances, resolutions, statutes, rules and regulations of governmental
5 authorities having jurisdiction over the Leased Premises.

6 **10. REMOVAL OF IMPROVEMENTS.** TENANT shall have the right,
7 provided it is not in default hereunder, to remove upon termination hereof all installations,
8 constructions, improvements and property installed belonging to and located by TENANT
9 upon the Leased Premises. All such removals shall be made by TENANT at its own cost
10 and expense; provided, however, that any of the afore- mentioned installations,
11 constructions, improvements or other such property which the TENANT might not desire to
12 remove may, with the written consent of the Airport Manager, be permitted to remain upon
13 the Leased Premises, subject to the further condition that any such installation,
14 construction, improvement or other property so left shall thereupon become the property of
15 LANDLORD without compensation being paid therefor unless otherwise expressly agreed
16 to in writing by the parties.

17 **11. AIRPORT FACILITIES.** TENANT is hereby granted the right, in
18 common with others, to the use of such of Airport facilities as are necessary and
19 convenient to its operations. TENANT hereby acknowledges that it is subject to, and must
20 comply with, all rules and regulations of LANDLORD pertaining to the Airport, as the same
21 may be amended from time to time, and with the Municipal Code of the City of Long
22 Beach, as it may be amended from time to time.

23 TENANT shall not store, park or otherwise let stand upon any part of
24 LANDLORD's property not leased hereunder any aircraft owned by TENANT or otherwise
25 in the custody or control of TENANT. TENANT shall pay to LANDLORD for any such
26 unauthorized use of LANDLORD's other property at the rates provided for storage and
27 parking of aircraft at the Airport in the applicable sections of the then current Municipal

Code of the City of Long Beach. TENANT shall pay all such additional charges within three (3) days of written demand of the Airport Manager.

12. UNLAWFUL USE. TENANT shall not erect, place upon, operate or maintain any improvements on the Leased Premises, nor shall TENANT conduct or carry on therein or thereon any business in violation of any rule, regulation, order, law, statute, bylaw, or ordinance of any governmental agency having jurisdiction thereover.

13. TAXES AND ASSESSMENTS. TENANT shall pay before delinquent any and all taxes and/or assessments levied against TENANT by reason of TENANT's use and occupancy of the Leased Premises, including taxes on possessory interest.

14. CONDITION OF PREMISES. TENANT agrees to keep the Leased Premises in a neat, orderly and safe condition, and free of waste, rubbish and debris during the term of this Lease.

15. ENVIRONMENTAL.

A. Definitions.

(1) For the purposes of this Lease:

(a) "Environmental Law(s)" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 as amended, 42 U.S.C. Sections 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 2601 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., the Carpenter-Presley-Tanner Hazardous Substances Account Act, California Health & Safety Code Sections 25300, et seq., the Porter-Cologne Water Quality Control Act, California Water Code Sections 13000 et seq., and Title 23, Division 3, Chapter 16 of the California Code of Regulations concerning underground storage tanks as said laws are supplemented or amended, the regulations promulgated

1 pursuant to said laws and any other federal, state or local law, statute, rule,
2 regulation or ordinance which regulates or proscribes the use, storage, disposal,
3 presence, cleanup, transportation or Release or threatened Release into the
4 environment of Hazardous Material including, but not limited to Title 23, Division 3 of
5 the California Code of Regulations concerning underground storage tanks.

6 (b) "Hazardous Material" means any substance which is (i)
7 designated, defined, classified or regulated as a hazardous substance, hazardous
8 material, hazardous waste, pollutant or contaminant under any Environmental Law,
9 as currently in effect or as hereafter amended or enacted, (ii) a petroleum
10 hydrocarbon, including crude or waste oil or any fraction thereof and all petroleum
11 products and petroleum by-products, (iii) PCBs, (iv) asbestos, (v) flammable
12 explosives, (vi) infectious materials or (vii) radioactive materials.

13 (c) "Release" means any spilling, leaking, pumping,
14 pouring, emitting, discharging, injecting, escaping, leaching, dumping or disposing
15 into the environment of any Hazardous Material (including the abandonment or
16 discarding of barrels, containers, and other receptacles containing any Hazardous
17 Material).

18 (2) Compliance.

19 (a) Environmental Laws. TENANT shall comply with all
20 applicable Environmental Laws related to TENANT's use or occupancy of the
21 Leased Premises including but not limited to any laws regulating the use, storage,
22 generation or disposal of Hazardous Materials ("Environmental
23 Standards"). TENANT shall establish, maintain and observe a program of
24 compliance with all applicable Environmental Standards ("Environmental
25 Compliance Program"). On or before commencement of business on the Leased
26 Premises, TENANT shall submit its Environmental Compliance Program, and any
27 revision thereto, to Airport Manager for review and approval; provided, however,

1 such review and approval shall not relieve TENANT of its independent obligation to
2 comply with Environmental Standards. TENANT shall monitor its compliance with
3 Environmental Standards and immediately halt and correct any incident of
4 noncompliance. On August 1 of each lease year during the Term of this Lease,
5 TENANT shall submit either a certificate that the Environmental Compliance
6 Program conforms with all applicable Environmental Standards or a revised
7 Environmental Compliance Program conforming to the applicable Environmental
8 Standards. Notwithstanding the foregoing, TENANT shall not be in default under
9 this Lease unless it fails to submit the certificate or a revised Environmental
10 Compliance Program within fourteen (14) days of a request by LANDLORD.

11 (b) Storage of Hazardous Materials. TENANT shall not
12 cause or permit any Hazardous Material to be brought upon, kept or used in or
13 about the Leased Premises by TENANT, its agents, employees, contractors or
14 invitees in a manner or for a purpose in violation of any Environmental Law.

15 (c) Noncompliance. In the event of an incident of
16 noncompliance with the Environmental Standards or the Environmental Compliance
17 Program, including a regulated Release, TENANT, at its cost, shall: (i) give
18 LANDLORD prompt notice of the incident, providing as much detail as possible; (ii)
19 as soon as possible, but no later than seventy-two (72) hours, after TENANT's
20 discovery of an incident of noncompliance submit a written report to LANDLORD,
21 identifying, to the extent possible, the source or cause of the noncompliance and the
22 method or action required to correct the problem; (iii) cooperate with LANDLORD
23 or its designated agents or contractors with respect to the investigation of such
24 problem; and (iv) promptly commence remediation of the incident of non-
25 compliance in accordance with applicable Environmental Standards and the
26 Environmental Compliance Program and diligently prosecute the remediation plan
27 to completion.

1 (d) Costs. TENANT shall be liable for all costs, expenses,
2 losses, damages, actions, claims, cleanup costs, penalties, assessments or fines
3 arising from TENANT's failure to comply with the Environmental Standards and
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5 the Environmental Compliance Program including, but not limited to, a failure to
6 comply with any reporting requirements.

7 (e) Inspection Rights. LANDLORD shall have the right to
8 conduct periodic inspections and audits of TENANT's compliance with the
9 Environmental Compliance Program and management of Hazardous Materials on
10 the Leased Premises. TENANT shall be given reasonable notice of, and shall have
11 the right to have a representative present during, any such inspection or audit. The
12 inspection or audit shall occur during normal business hours unless the parties
13 otherwise agree. If LANDLORD is required to notify any agency of any violations of
14 Environmental Standards discovered during such audit, TENANT shall be given
15 concurrent notice. LANDLORD acknowledges that it is not the intent of this
16 subparagraph to prohibit TENANT from conducting its operations. TENANT may
17 conduct its operations according to the custom of the industry and all applicable
18 laws so long as the use or presence of Hazardous Materials is strictly and properly
19 handled, monitored and disposed of according to all Environmental Standards, the
20 Environmental Compliance Program, and the terms of this Lease.

21 (f) Environmental Indemnification.

22 (i) Indemnification by TENANT. TENANT at its sole cost
23 and expense hereby agrees to indemnify, defend (with counsel acceptable to
24 LANDLORD), protect and hold LANDLORD, its Boards, and their respective
25 agents, officers and employees (AIndemnified Parties®) harmless from and against
26 any and all claims, demands, losses, damages, liabilities, fines, penalties, charges,
27 administrative and judicial proceedings, orders, judgments, remedial action and

1 compliance requirements, enforcement and cleanup actions of any kind, and all
2 costs and expenses incurred in connection therewith, including, without limitation,
3 reasonable attorneys' fees and costs and expenses of all experts and consultants
4 (collectively, the "Losses"), arising directly or indirectly, in whole or in part, out of (i)
5 a Release of, on, under or from the Leased Premises after the date of this Lease
6 from any source, except as provided otherwise below, and (ii) the use, generation,
7 manufacturing, production, handling, storage, transport, discharge or disposal of
8 any Hazardous Material on or after the date of this Lease from, under or about the
9 Leased Premises. TENANT's obligations pursuant to this subparagraph shall
10 survive the termination or earlier expiration of this Lease. Notwithstanding the
11 foregoing, this indemnity shall not apply to (i) a Release by LANDLORD on, under or
12 from the Leased Premises prior to the Effective Date, (ii) remedial action or
13 cleanup which is not required by a governmental agency having jurisdiction over the
14 Leased Premises or pursuant to statutory or common law, (iii) any Release on,
15 under or from the Leased Premises occurring prior to the Effective Date, and (iv) a
16 Release on, under or from the Leased Premises which TENANT can establish to
17 the reasonable satisfaction of LANDLORD did not emanate from the Leased
18 Premises.

19 **16. LIENS.** TENANT agrees to keep the Leased Premises free from any
20 and all liens of any kind or nature for any work done, labor performed or materials furnished
21 thereon at the instance or request, or on behalf of the TENANT; and the TENANT shall
22 indemnify and save and keep LANDLORD harmless from and against any and all claims,
23 liens, demands, costs and expenses of whatsoever nature for any such work done, labor
24 performed or materials furnished.

25 **17. UTILITIES.** The TENANT shall, at his own cost, install and pay for all
26 electricity, gas, water, telephone and other utility services furnished to TENANT, including
27 the cost of installation of necessary connections for all of said services.

1 **18. ADVERTISING SIGNS.** TENANT may, without charge, and subject
2 to the prior written approval of LANDLORD's Airport Manager, erect and maintain on the
3 Leased Premises at its own expense suitable signs advertising TENANT's business.

4 **19. ASSIGNMENT AND SUBLETTING.** TENANT shall not sublet or
5 assign, either voluntarily or involuntarily, the Leased Premises, or any part thereof, nor
6 permit any transfer of the Leased Premises by operation of law, nor shall TENANT
7 mortgage any interest created hereby, or any part thereof, without first obtaining the written
8 consent of the City Manager of LANDLORD, which consent shall not unreasonably be
9 withheld, provided that the following conditions are met:

10 A. TENANT shall reimburse LANDLORD for all reasonable costs,
11 expenses and fees incurred by LANDLORD, including allocated costs for in-house legal
12 services.

13 B. The assignee or sublessee must be financially responsible, capable
14 of meeting its credit obligations, including rent payments, and experienced in operating a
15 facility of the caliber, size and character described in this Lease. Compliance with these
16 conditions will be determined in LANDLORD's good faith judgment based on audited
17 financial statements, bank references and other supplemental information which
18 LANDLORD may, in its sole discretion, request. Failure to supply requested information is
19 grounds to refuse a request to assign or sublease.

20 C. No use proposed or carried out by any assignee or sub-lessee may
21 conflict with or be inconsistent with uses permitted by the terms of this Lease.

22 D. It shall be reasonable for LANDLORD to withhold approval if the
23 proposed assignee lacks sufficient business reputation or experience or management
24 experience to operate or manage a business or property such as the property which is the
25 subject of this Lease.

26 E. It shall be reasonable for LANDLORD to withhold its approval of any
27 proposed assignee having a net worth as determined by LANDLORD based on

1 information supplied by TENANT, equal to less than the annual rent required by this Lease.

2 Any such subletting, assignment, transfer or mortgage of this Lease, or of
3 any interest therein, contrary to the foregoing provisions, whether voluntary or involuntary,
4 shall be void and shall confer no right of occupancy upon said sublessee,

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6 assignee, mortgagee or transferee and the same shall result in an immediate forfeiture of
7 the rights of the TENANT hereunder.

8 **20. EMINENT DOMAIN.**

9 **A. DEFINITIONS**

10 As used in this Lease:

11 (1) "Condemnation" means (i) the taking or damaging, including
12 severance damage, by eminent domain or by inverse condemnation or for any
13 public or quasi-public use under any statute whether by legal proceedings or
14 otherwise, by a condemnor (hereinafter defined), and (ii) a voluntary sale or transfer
15 to a condemnor, either under threat of condemnation or while condem- nation legal
16 proceedings are pending.

17 (2) "Date of taking" means the earlier of (i) the date actual
18 physical possession is taken by the condemnor or (ii) the date on which the right to
19 compensation and damages accrues under the law applicable to the Leased
20 Premises.

21 (3) "Award" means all compensation, sums, or anything of value
22 awarded, paid or received for a total taking, a substantial taking or a partial taking
23 (hereinafter defined), whether pursuant to judgment or by agreement or otherwise.

24 (4) "Condemnor" means any public or quasi-public authority or
25 private corporation or individual having the power of condemnation.

26 (5) "Total taking" means the taking by condemnation of the fee title
27 to all the Leased Premises and all the improvements.

1 (6) "Substantial taking" means the taking by condemnation of so
2 much of the Leased Premises or improvements or both that one or more of the
3 following conditions results:

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6 (a) The remainder of the Leased Premises would not be
7 economically and feasibly usable by TENANT;
8 and/or

9 (b) A reasonable amount of reconstruction would not make
10 the land and improvements a practical improvement and reasonably suited
11 for the uses and purposes for which the Leased Premises are leased
12 hereunder.

13 (7) "Partial taking" means any taking of the fee title that is not
14 either a total taking or a substantial taking.

15 (8) "Notice of intended condemnation" means any notice or
16 notification on which a reasonably prudent man would rely and which he would
17 interpret as expressing an existing intention of condemnation as distinguished from
18 a mere preliminary inquiry or proposal.

19 B. NOTICE.

20 LANDLORD and TENANT shall give each other prompt notice of any
21 condemnation action or threat thereof. LANDLORD, TENANT and any Lender shall
22 all have the right to participate in any settlement of awards, compensation, and
23 damages and may contest any such awards, compensation, and damages and
24 prosecute appeals therefrom. Each party shall bear its own cost thereof. Any
25 Lender shall be entitled to notice from both TENANT and LANDLORD with regard
26 to any condemnation action, threat thereof, or settlement proceedings.

27 C. TOTAL OR SUBSTANTIAL TAKING.

1 (1) On a total taking, this Lease shall terminate on the date of
2 taking.

3 (2) If a taking is a substantial taking as defined above, TENANT
4 may, by notice to LANDLORD given within thirty (30) days after TENANT receives
5 notice of intended condemnation, elect to treat the taking as a sub-stantial taking. If
6 TENANT does not so notify LANDLORD, the taking shall be deemed a partial
7 taking. If TENANT gives such notice and LANDLORD gives TENANT notice
8 disputing TENANT's contention within ten (10) days following receipt of TENANT'S
9 notice, the dispute shall be promptly submitted to arbitration before the American
10 Arbitration Association in Los Angeles County, California. If LANDLORD gives no
11 such notice, the taking shall be deemed a substantial taking. A substantial taking
12 shall be treated as a total taking.

13 (3) On a total taking all sums, including damages and interest
14 awarded for the fee or leasehold or both, shall be distributed and disbursed in the
15 following order of priority:

16 (a) To LANDLORD a sum equal to the fair market value of
17 the Land, valued as unimproved land exclusive of improvements and
18 encumbered by the terms and conditions of this Lease and subleases, as
19 well as any compensation awarded for its loss of revenue from this Lease,
20 and the value of City's reversionary interest in the Leased Premises, to the
21 extent that said reversionary interest has a separate value from the
22 unimproved land.

23 (b) To TENANT, subject to the rights of any Leasehold
24 Lender, the value of the Leasehold estate under this Lease, and the value of
25 any buildings or improvements on the Leased Premises, less the sum of any
26 payments made to LANDLORD with respect to LANDLORD's reversionary
27 interest, if any, in the buildings or improvements.

1 D. PARTIAL TAKING.

2 (1) On a partial taking, this Lease shall cease as to the part so
3 taken, as of the date of taking, and shall remain in full force and effect for the
4 remainder of the Leased Premises and improvements, except that the minimum
5 annual rent and minimum monthly rent shall be reduced in proportion to the
6 percentage of the Leased Premises taken (or relative value) bears to the total
7 Leased Premises (or relative value) prior to such taking.

8 (2) Promptly after a partial taking, TENANT, to the extent of any
9 award paid to TENANT on account of such taking, shall repair, alter, modify, or
10 reconstruct the improvements ("restoring") so as to make them reasonably suitable
11 for TENANT's continued occupancy for the uses and purposes for which the Leased
12 Premises are leased. If TENANT does not restore as above, the cost of such
13 restoring shall be deducted from TENANT's share of the award and paid to any
14 leasehold mortgagee demanding it and otherwise to LANDLORD.

15 (3) On a partial taking, all sums, including damages and interest,
16 awarded for the fee or leasehold or both, shall be distributed and disbursed in the
17 following order of priority:

18 (a) To TENANT the cost of restoring the improvements,
19 plus any amount awarded or assessed for severance damages, plus any
20 amount assessed, awarded, paid, or incurred to remove or relocate sub-
21 tenants, plus any amount awarded for detriment to business.

22 (b) To LANDLORD a sum equal to that percent of the value
23 of the Leased Premises equal to the percentage the area of the Leased
24 Premises taken bears to the total area of the Leased Premises; the value of
25 the Leased Premises shall be as unimproved and exclusive of improvements
26 and burdened by all leases and subleases.

27 (4) Rent shall be abated or reduced during the period from the

1 date of taking until the completion of restoration, but all other obligations of TENANT
2 under this Lease shall remain in full force and effect. The amount of abatement or
3 reduction of rent shall be based on the extent to which the restoration interferes with
4 TENANT's use of the Leased Premises.

5 (5) Each party waives the provisions of Code of Civil Procedure
6 Section 1265.130, allowing either party to petition the Superior Court to terminate
7 this Lease in the event of a partial taking of the Leased Premises under the
8 circumstances described in said Section.

9 E. LIMITED TAKING

10 If the Leased Premises or any portion thereof or any improvements thereon
11 should be taken for governmental occupancy for a limited period not extending beyond the
12 then current term of this Lease, this Lease shall not terminate and TENANT shall continue
13 to perform and observe all of its obligations hereunder as though such taking had not
14 occurred, except only to the extent that it may be prevented from performing such
15 obligations by reason of such taking. In such event, TENANT shall be entitled to receive
16 the entire amount of any awards, compensation, and damages made for such taking, and
17 LANDLORD hereby assigns any and all of its interest in such awards, compensation, and
18 damages to TENANT to the extent that the governmental occupancy does not extend
19 beyond the expiration of the term hereof.

20 **21. WASTE DISPOSAL.** TENANT shall, at its sole cost and expense,
21 construct all necessary facilities to prevent any water or industrial waste resulting from the
22 operations of TENANT on the Leased Premises from flowing into adjacent property.
23 TENANT shall dispose of all sewage and industrial waste to the satisfaction of the Airport
24 Manager. TENANT shall dispose of all sewage and industrial waste in accordance with all
25 applicable regulations and laws, including the regulations promulgated by the EPA
26 Regional Water Quality Board, SCAQMD, ARB, or any
27 successor board, agency or commission having authority to regulate disposal of sewage

or industrial waste, to the satisfaction of the Airport Manager.

22. RESERVATIONS TO LANDLORD.

1. EXISTING RIGHTS

The Leased Premises are accepted by TENANT subject to any and all existing easements or other encumbrances, and LANDLORD shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil or gas pipelines, and tele- phone and telegraph power lines and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, in, upon, through, across and along the Leased Premises, or any part thereof, as will not interfere with the TENANT's operations hereunder, and to enter thereupon for any and all such purposes; LANDLORD also reserves the right to grant franchises, easements, rights of way, rights of access (aircraft and vehicular access to Parcel B-16 ramp) and permits in, over, upon along or across any and all portions of said Leased Premises for utility and any other purposes relating to LANDLORD's operation of Airport, all as LANDLORD may elect so to do; provided, however, that no right of LANDLORD provided for in this paragraph shall be so exercised as to interfere unreasonably with TENANT's operations hereunder. In the event exercise by LANDLORD of any of its rights reserved under this paragraph results in damage to TENANT's improvements, LANDLORD shall repair or replace said improvement, as deemed appropriate by LANDLORD in its sole discretion, in an amount which does not exceed LANDLORD's proportionate share of liability for such damage.

B. AIRCRAFT PARKING PARCEL

(1) The Leased Premises includes approximately 0.96 acres of land commonly known as Parcel B-13 a,b,c and d (Aircraft Parking Parcel®). TENANT may, and hereby is authorized to construct a fence along the perimeter of the Aircraft Parking Parcel (B-13a), provided, however, that LANDLORD may, at its sole cost and expense on thirty (30) days written notice, relocate the fence not more than twenty (20) feet from the buildings located

1 adjacent to the Leased Premises; provided, further, that there shall be an equitable adjustment
2 to Rent, as determined by appraisal in accordance with the provisions of paragraph 5B(2)
3 above, in the event the area of the Aircraft Parking Parcel (B-13a) or the Leased Premises is
4 reduced as a result of the relocation.

5 (2) Notwithstanding the provisions of paragraph 3 above, LANDLORD shall
6 and hereby reserves the right exercisable at any time during the term of this Lease in its sole
7 discretion to terminate this Lease as to the Parking Parcel only. LANDLORD shall exercise
8 this reserved right by giving ninety (90) days written notice to TENANT prior to the effective
9 date of such termination. TENANT agrees to yield and peaceably deliver possession of the
10 Airport Parking Parcel to LANDLORD on the effective date of such termination, without
11 regard to the reason for such removal. In the event of TENANT holding over and failing to
12 surrender the Airport Parking Parcel to LANDLORD as of the effective date of such
13 termination, LANDLORD shall have the right to re-enter and take possession of the Airport
14 Parking Parcel without further notice of any kind and without institution of summary or regular
15 proceedings. Re-entry by LANDLORD shall in no way alter or diminish any obligation of
16 TENANT under this Lease and shall not constitute an acceptance or surrender. TENANT
17 waives all right of redemption under any existing or future law or statute in the event of
18 dispossession of the Airport Parking Parcel in the event LANDLORD re-enters and takes
19 possession of the Airport Parking Parcel in a lawful manner. TENANT agrees that should the
20 manner or method employed by LANDLORD in re-entering or taking possession of the Airport
21 Parking Parcel give TENANT a cause of action for damages or in forcible entry and detainer,
22 the total amount of damages to which TENANT shall be entitled to in any such action shall be
23 One Dollar (\$1.00). TENANT agrees that this clause may be filed in any such action and that
24 when filed, it shall be a stipulation of TENANT fixing the total damages to which TENANT is
25 entitled in such an action.

26 In the event LANDLORD exercises the right reserved hereby to cancel this Lease as to
27 the Aircraft Parking Parcel, TENANT shall be reimbursed for the unamortized balance

(computed on a 60-month straight line basis) of the actual cost incurred by TENANT in making certain LANDLORD approved improvements to the Aircraft Parking Parcel, not to exceed Four Hundred Thousand Dollars (\$400,000.00). TENANT shall be reimbursed by LANDLORD within ninety (90) days of vacating the Aircraft Parking Parcel.

23. MAINTENANCE AND REPAIR. TENANT, at its sole cost, shall keep and maintain the Leased Premises, and all buildings, structures and improvements of any kind thereon in good and substantial repair and condition and shall perform all necessary maintenance. Should TENANT fail to make any repairs or perform any required maintenance within thirty (30) days after receipt of notice from LANDLORD to make such repairs or perform such required maintenance, LANDLORD may, but shall not be obligated to, make and perform such repairs or maintenance. TENANT agrees to reimburse LANDLORD for the cost thereof within thirty (30) days after receipt of LANDLORD's invoice therefor. TENANT shall be in default under this Lease if it fails to reimburse LANDLORD within said thirty (30) day period. "LANDLORD's cost" shall mean and include all costs and expenses, direct and indirect, such as, without limitation, direct and allocated costs for labor, materials, services, supervision, supplies, tools, taxis, transportation, administrative and general expense and other indirect or overhead expense and interest at ten percent (10%) on funds actually expended by LANDLORD in affecting the repairs and/or maintenance. Should TENANT commence to prosecute and diligently make such repairs or begin to perform the required maintenance within the thirty (30) day period, LANDLORD shall refrain from commencing to make any repairs or required maintenance and from making demand for such payment until the work has been completed by TENANT, and then only for such portion thereof as shall have been made or performed by LANDLORD. The making of any repairs or the performance or maintenance by LANDLORD, which is the responsibility of TENANT shall in no event be construed as a waiver of the duty or obligation of TENANT to make future repairs or perform required maintenance as provided in this Lease.

All fire protection sprinkler systems, fire hydrant systems, standpipe systems, fire alarm systems, portable fire extinguishers and other fire-protective or extinguishing systems or appliances which have been or may be installed on the Leased Premises shall be maintained by TENANT, at its

1 cost, in an operative condition at all times. All repairs and servicing shall be made in accordance with
2 the provisions of the Long Beach Municipal Code, Chapter 18.48 and all revisions thereto.

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4 **24. FUEL FLOWAGE FEES**

5 A. REQUIREMENT TO PAY.

6 The parties hereby acknowledge that the provisions of subsection (H) of Section 1 of
7 Resolution No. C-27417, adopted by the City Council of the City of Long Beach at its meeting of
8 September 15, 1998 (~~A~~Rates and Fees Resolution~~@~~), permit the City to assess the fuel flowage fees
9 applicable to fuel delivered at the Airport. Notwithstanding the foregoing, LANDLORD has, pursuant
10 to the provisions of subsection (1)(b) of subsection H of Section 1 of the Rates and Fees Resolution,
11 waived said fees as to TENANT. In the event the policy of LANDLORD, in its municipal capacity,
12 changes then, and in that event, TENANT agrees to pay the applicable fuel flowage fees at such rates
13 as may be established from time to time by LANDLORD's City Council for aircraft fuels delivered at
14 the Airport. Such fees shall be due and pay- able on the tenth (10th) day of the month next succeeding
15 that in which the fuel deliveries are made to the TENANT. The fees shall be calculated and
16 administered as provided herein on the basis of information submitted on a form provided by
17 LANDLORD.

18 B. SUPPLIER AGREEMENT.

19 TENANT shall enter into a written agreement with its fuel supplier which recognizes the
20 existence of the provisions of this agreement. A copy of said agreement shall be delivered to
21 LANDLORD's Airport Manager prior to the commencement of fuel delivery. Said agreement shall
22 provide that either TENANT or TENANT's supplier shall indemnify, hold harmless and provide
23 insurance coverage to the City for all uses arising from the delivery, storage, sale and supplying of such
24 fuel. Such agreement shall further provide that the supplier shall make available to the City at
25 reasonable times, its records of transactions involving delivery of fuel to TENANT for purposes of
26 auditing TENANT's performance under this Agreement.

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2 C. UNDERGROUND STORAGE AND DELIVERY.

3 All fuel delivered to TENANT by its supplier or suppliers shall be placed into
4 underground storage facilities, the location and design of which shall have been approved by the Airport
5 Manager.

6 D. REPORTING, PAYMENT AND STATEMENTS.

7 Deliveries of fuel shall be reported and fees therefor paid by TENANT to
8 LANDLORD each calendar month as provided herein. The fees to be paid shall be computed on the
9 basis of the oil company's meter tickets supplied by the tanker truck holding the delivery form, or from
10 refinery meter tickets provided to the carrier at the time the tanker truck is loaded. The amount shown
11 on such tickets to have been delivered in agreement shall be multiplied by the rate established by the
12 City Council and in effect at any given time during the term of the Lease. The product of that
13 computation shall be the fuel flowage fee due for that month. TENANT will provide a year-end
14 statement showing all deliveries in the previous year. Both monthly reports and year-end statements
15 shall be on forms supplied by the Airport Manager.

16 E. IN LIEU PERFORMANCE.

17 Any action required of TENANT or authorized to be done by TENANT may be
18 performed on behalf of TENANT by TENANT's authorized sub-tenant or sub-tenants.

19 **25. INSPECTION.** The Airport Manager, or his/her authorized representative, shall
20 have the right at all reasonable times to inspect the subject Leased Premises to determine compliance
21 with the terms and provisions of this Lease.

22 **26. TERMINATION BY TENANT.** If it should occur that during the term of this
23 Lease, any law or ordinance should come into effect, the terms of which so restrict the uses to which the
24 Leased Premises can be put that TENANT is unable to use the Leased Premises in the manner
25 contemplated herein, then TENANT may, upon notice to LANDLORD, terminate this Lease as to that
26 portion of the Leased Premises affected by said law or ordinance. In the event this Lease is so
27 terminated as to a portion of the Leased Premises, the rent due and payable hereunder shall be prorated

1 on the basis of the relationship that the portion of the Leased Premises taken bears to entire Leased
2 Premises.

3 **27. ABANDONMENT.** If TENANT shall abandon or be dispossessed by process
4 of law or otherwise, any personal property belonging to TENANT remaining on the Leased Premises
5 thirty (30) days after such abandonment or dispossession shall be deemed to have been transferred to
6 LANDLORD, and LANDLORD shall have the right to remove and to dispose of the same without
7 liability to account therefore to TENANT or to any person claiming under TENANT.

8 **28. POSSESSORY INTEREST.** TENANT recognizes and understands that this
9 Lease may create a possessory interest subject to property taxation and that TENANT may be subject
10 to the payment of property taxes on such interest.

11 **29. TERMINATION BY LANDLORD.** Should TENANT default in the
12 performance of any covenant, condition or agreement imposed upon or promised by said TENANT to
13 be performed and such default is not corrected within thirty (30) days from and after written notice to
14 TENANT by the Airport Manager, specifying said default and demanding its immediate correction, this
15 Lease and all the rights and interests created thereby shall be terminated.

16 **30. INDEMNITY AND INSURANCE.**

17 A. **INDEMNITY**

18 TENANT shall indemnify, defend, protect and hold LANDLORD, its agents, officials
19 and employees (AIndemnified Parties@) harmless, from and against any and all claims, demands, loss or
20 liability of any kind or nature which the Indemnified Parties, or any of them, may sustain or incur or
21 which may be imposed upon them, or any of them, for injury to or death of persons or damage to
22 property arising out of or in any manner connected with or attributable to the negligence or lack of care
23 of the TENANT, its officers and employees, in the use of the Leased Premises, including the use of the
24 Long Beach Airport and its facilities.

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26 B. **INSURANCE**

27 Concurrent with the execution of this Lease, TENANT shall procure and maintain, at its

1 cost, during the term of this Lease, any extensions, renewals or holding over thereof, from an insurer
2 admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide:

3 (1) commercial general liability insurance with coverage at least as broad as
4 Insurance Services Office Commercial General Liability Form CG0001, with a per occurrence
5 limit of not less than \$5,000,000 and, if written with an annual aggregate, an aggregate limit of
6 not less than \$5,000,000;

7 (2) automobile liability insurance with coverage at least as broad as
8 Insurance Services Office Form CA0001 covering automobile liability code 1 (any auto), with a
9 per accident limit of not less than \$1,000,000;

10 (3) "All Risk" property insurance in an amount sufficient to cover the full
11 replacement value of TENANT's personal property, improvements and equipment on the
12 Leased Premises.

13 (4) Upon the execution of this Lease, TENANT shall deliver to
14 LANDLORD certificates of insurance with original endorsements evidencing the coverage
15 required by this Lease. The certificates and endorsements shall be signed by a person author-
16 ized by the insurer to bind coverage on its behalf. LANDLORD reserves the right to require
17 complete certified copies of all policies at any time.

18 (5) Said insurance shall contain an endorsement requiring thirty (30) days'
19 prior written notice from insurers to LANDLORD
20 before cancellation or change of coverage.

21 (6) Said insurance may provide for such deductibles or self insurance as
22 may be acceptable to the City Manager or his designee. In the event such insurance does
23 provide for deductibles or self insurance, TENANT agrees that it will fully protect
24 LANDLORD, its officials, and employees in the same manner as these interests would have
25 been protected had a policy or policies of commercial insurance been in effect. With respect to
26 damage to property, LANDLORD and TENANT hereby waive all rights of subrogation, one
27 against the other, but only to the extent that collectible commercial insurance is available for said

1 damage.

2 (7) Not more frequently than every three (3) years, if in the opinion of
3 LANDLORD or of an insurance broker retained by LANDLORD, the amount of the foregoing
4 insurance coverage is not adequate, TENANT shall increase the insurance coverage as required
5 by LANDLORD.

6 (8) TENANT may elect to assume the risk of those occurrences covered
7 by the types of insurance required under this paragraph 32 without carrying a policy of
8 insurance therefor.

9 (9) The procuring of said insurance shall not be construed as a limitation on
10 TENANT's liability or as full performance on TENANT's part of the indemnification and hold
11 harmless provisions of this Lease; and TENANT understands and agrees that, notwithstanding
12 any insurance, TENANT's obligation to defend, indemnify and hold LANDLORD, its officials
13 and employees harmless hereunder is for the full and total amount of any damage, injuries, loss,
14 expense, costs or liabilities caused by the condition of the Leased Premises, or in any manner
15 connected with or attributed to the acts or omissions of TENANT, its officers, agents,
16 contractors, employees, subtenants, licensees, patrons or visitors, or the operations conducted
17 by TENANT, or the TENANT's use, misuse or neglect of the Leased Premises.

18 (10) Any modification or waiver of the insurance requirements herein shall
19 only be made with the written approval of the LANDLORD's Risk Manager or designee.

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22 **31. FAA SECURITY AND SAFETY REGULATIONS.**

23 A. This Lease is subject to Federal Aviation Regulations Part 107 and Part 139
24 relating to Safety and Security. LANDLORD shall provide copies thereof to TENANT who shall
25 provide copies thereof to all sub-tenants.

26 B. If any violation of Part 107 or Part 139 occurs on the Leased Premises,
27 TENANT or its sub-tenants shall be strictly liable to reimburse LANDLORD for the full amount of any

1 fine, penalty or other financial loss resulting therefrom.

2 **32. AUDIT.** LANDLORD, the City Auditor of the City and the City Manager of the
3 City, or their designated representatives, shall be permitted to examine
4 and review TENANT's records at all reasonable times, with or without prior notification, for the
5 purpose of determining compliance with all terms, covenants and conditions of this Lease. Such
6 examinations and reviews shall be conducted during TENANT's regular business hours in a manner
7 causing as little inconvenience as possible to TENANT.

8 **33. ENCUMBRANCES.** TENANT shall have the right to encumber this leasehold
9 estate by a mortgage or deed of trust to or for the benefit of any lending agency as security for the
10 payment of money loaned or credit extended to TENANT. The right to encumber shall include the right
11 to assign subleases to a mortgagee or beneficiary under a deed of trust as additional security; provided
12 however, that the mortgagee or beneficiary, in the event of default by TENANT in the payment of rent
13 to LANDLORD, or other payments or expenditures of money provided to be paid under the terms of
14 this Lease, pursuant to paragraphs 4 and 5 herein, shall pay over to LANDLORD any rents collected
15 by the mortgagee or beneficiary under subleases or rent for office space up to the amount due on the
16 Lease. Notwithstanding the immediately preceding sentence, only payment in full of the rents reserved
17 hereunder shall be deemed compliance with the provisions of this Lease pertaining to the payment of
18 rent. The right to encumber the leasehold estate shall be subject to each and all of the covenants,
19 conditions and restrictions set forth in this Lease and as to all rights and interests of LANDLORD
20 herein, none of which is or shall be waived by consenting to TENANT encumbering the leasehold
21 estate.

22 Should there be any conflict between the provisions of this Lease and the provisions of
23 any deed of trust or mortgage, the provisions of this Lease shall control; provided, however, in the event
24 there is any conflict between the provisions of this paragraph and other provisions of this Lease, the
25 provisions of this paragraph shall control as to the rights of the beneficiary or mortgagee.

26 LANDLORD agrees that there may be an assignment made in connection with the
27 Deed of Trust referred to in the consent herein-above, without consent of LANDLORD, where such

1 assignment is by judicial or non-judicial foreclosure under the Deed of Trust, or assignment in lieu of
2 foreclosure. Encumbrancer shall be liable to perform the obligations of the TENANT under the Lease
3 only so long as Encumbrancer holds title to the leasehold. Any assignment by the Encumbrancer, after
4 having obtained an assignment as herein-above described, shall be to an entity who proposes to use the
5 said leasehold Leased Premises for aviation related purposes consistent with the paragraph in this Lease
6 entitled "USES," and such entity shall be acceptable to LANDLORD. LANDLORD agrees to
7 approve of such proposed assignee provided that the proposed assignee possesses the financial
8 capability to honor its obligations under the Lease and the capacity, either by itself or by the proposed
9 assignee's intended use of agents, to manage the leased premises. In the event that the proposed
10 assignee intends to manage the leased premises and any facility established thereon by use of agents,
11 such proposed assignee is required to maintain a business office on the Leased Premises staffed by an
12 agent or employee qualified to manage the said leasehold. Any proposed assignee, who is interested in
13 obtaining an assignment of the leasehold interest from the Encumbrancer, shall submit to LANDLORD
14 documents showing the financial and management capability of such proposed assignee, and its
15 managing agent, if such be the case, that will be involved in the management of said leasehold.
16 LANDLORD may not require the proposed assignee to submit the special documents that are not
17 usually required in such an assignment or which require the proposed assignee to acquire or tabulate
18 new data that is not reasonably required to enable LANDLORD to fully evaluate the proposed
19 assignee's capability to manage an aviation facility. LANDLORD shall review the documents submitted
20 and notify the Encumbrancer and proposed assignee of LANDLORD's approval or non-approval
21 within a reasonable time. LANDLORD shall not unreasonably withhold such consent.

22 Upon and immediately after recording of any Deed of Trust, TENANT, at TENANT's
23 expense, shall cause to be recorded at the Office of the Recorder of the County of Los Angeles, a duly
24 executed and acknowledged written request for a copy to the LANDLORD of any Notice of Default
25 and of any Notice of Sale under a Deed of Trust as provided by the Statutes of the State of California
26 relating thereto.

27 LANDLORD may not terminate this Lease because of any default or breach

1 thereunder, except for the non-payment of rent, on the part of TENANT if the Encumbrancer or the
2 Trustee under a Deed of Trust, within ninety (90) days [forty-five (45) days for non-payment of rent]
3 after service of written notice on the Encumbrancer by the LANDLORD of its intention so to terminate:

4 A. Cures the default or breach if it can be cured by the payment or expenditure of
5 money provided to be paid under the terms of the Lease, or if the default or breach is not so curable,
6 commences, or causes the trustee under the Deed of Trust to commence, and thereafter to pursue to
7 completion, steps and proceedings to foreclose on the Leasehold covered by the Deed of Trust; and

8 B. Keeps and performs all of the covenants and conditions of the Lease requiring
9 the payment or expenditure of money by the TENANT until such time as the leasehold is sold upon
10 foreclosure pursuant to the Deed of Trust, or is released or reconveyed thereunder, or is transferred
11 upon judicial foreclosure or by an assignment in lieu of foreclosure; provided however, that if the holder
12 of the Deed of Trust shall fail or refuse to comply with any and all of the conditions of this paragraph,
13 then and

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15 thereupon LANDLORD shall be released from the covenants and forbearance herein contained.

16 Any notice to the Encumbrancer provided for herein may be given concurrently with or
17 after the Notice of Default to TENANT as provided in this Lease.

18 Nothing herein shall be construed to require Encumbrancer to cure any default which is
19 not curable by it, such as the insolvency of TENANT or a violation by TENANT under paragraph
20 entitled "Non-Discrimination" of this Lease.

21 Notwithstanding the provisions of the paragraph entitled "TERMINATION BY
22 TENANT" of this Lease, this Lease may be amended or terminated by TENANT only with the prior
23 written consent of the Encumbrancer.

24 The terms hereof shall inure to the benefit of the parties, their successors and assigns.

25 LANDLORD is aware of, and consents to, the terms and purposes of the Note
26 secured by Deed of Trust referred to in the consent herein-above and of any extensions or renewals
27 thereof.

1 **34. FEDERAL AVIATION ADMINISTRATION ASSURANCES.** This Lease
2 is subject to certain assurances mandated by the Federal Aviation Administration for inclusion in airport
3 leases. These assurances are set out in full in Exhibit "E" attached hereto and made a part hereof.

4 **35. TERMINATION OF PRIOR AGREEMENTS.** It is mutually agreed that this
5 Lease shall supersede any prior agreements between the parties hereto covering all or any portion of the
6 Leased Premises.

7 **36. AIRCRAFT PARKING, STORAGE AND HANGARS.**

8 A. TENANT shall provide open aircraft parking aprons which shall be so
9 designed, marked and maintained, as to provide for safe and functional parking of aircraft, including
10 sufficient distance between all structural elements (including, but not limited to body, wings and tail) of
11 parked aircraft to permit safe movement of aircraft to and from aircraft parking spaces. Aircraft
12 tiedown equipment or apparatus shall be of a type approved by the Airport Manager for use at the
13 Airport and all aircraft designed and equipped to be tied down shall be properly secured to such
14 tiedown apparatus when left unattended. All tiedown spaces shall be clearly marked on the pavement
15 with an identification number in such manner that each individual parking space can be easily identified.

16 B. TENANT will provide and maintain taxi lanes and aircraft parking spaces clear
17 of obstacles, vehicles and improperly parked aircraft in a manner which will permit safe and convenient
18 movement of aircraft throughout all open parking areas.

19 C. Maintenance and repair of aircraft on the based and transient aircraft parking
20 area shall be limited to that permitted by Federal Aviation Regulations Part 43.3(h) and Appendix A(c),
21 unless otherwise specifically authorized in writing by
22 the Airport Manager. Said parking areas shall be kept free from partially dismantled or derelict aircraft.

23 D. Aircraft storage hangars shall be used for storage of aircraft only and no
24 maintenance shall be done therein, except as specifically authorized by Federal Aviation Regulations
25 Part 43.3(h) and Appendix A(c) if such maintenance and repair can be done in compliance with such
26 fire, building and safety codes, rules and/or regulations as may be applicable to such hangar or activity
27 from time to time.

1 E. Maintenance, repair and other activities may be conducted in hangars
2 heretofore or hereafter constructed in such manner that such maintenance repair and other activities can
3 be carried out in such hangar in compliance with such fire, building and safety codes, rules and/or
4 regulations, as may be applicable from time to time to such activities, if authorized in writing by the
5 Airport Manager.

6 F. All aircraft service, maintenance, repair, inspection and building activities
7 conducted for financial gain within or from aircraft storage hangars shall be done by fixed based
8 operators, tenants or sub-tenants located on the Long Beach
9 Municipal Airport or their duly authorized personnel. No other persons may perform such work.

10 G. Aircraft hangars constructed after the date of execution of this Lease shall be
11 designed and constructed by means of a method approved by the Airport Manager as to permit
12 verification for identification, safety and security purposes of all aircraft parked therein at all times
13 without compromising the security of such aircraft.

14 H. TENANT shall not park or permit or authorize the parking of aircraft
15 in any manner so that any part of the aircraft extends beyond the lease boundary at any time. Failure to
16 cure such condition within twenty-four (24) hours after notice to do so from the Airport Manager may
17 be deemed a default of this Lease.

18 **37. STORAGE.**

19 A. TENANT may store aircraft components, equipment, parts, bulk liquids, scrap
20 lumber, metal, machinery or other materials related to the conduct of its business on the Leased
21 Premises, provided, however, that such storage may be done only within an area screened from public
22 view s approved by the Airport Manager. No
23 storage may be done on any apron, ramp, or taxiway, without prior written approval of Airport
24 Manager.

25 B. Derelict aircraft, inoperative ground vehicles, unused ramp equipment
26 scaffolding, hoists and related items not regularly and routinely in use as part of TENANT's business,
27 may not be kept on the Leased Premises unless such materials are maintained within a fully enclosed

1 permanent structure.

2 C. Violation of the requirements of this Paragraph shall be deemed in default if the
3 condition has not been cured to the satisfaction of the Airport Manager within thirty (30) days of posting
4 of the property or service of TENANT with a notice thereof.

5 D. TENANT shall not store or permit storage of recreational vehicles, including but
6 not limited to motor homes, boats or trailers, on the Leased Premises. Parking of automobiles and
7 trucks, except for those directly related to the day to day business of the TENANT, is also prohibited.

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9 **38. AUTOMOBILE PARKING.** TENANT agrees to provide sufficient automobile
10 parking on the Leased Premises to accommodate the parking needs of patrons, visitors and employees,
11 provided, however, that Airport streets and access roadways may not be utilized to comply with this
12 requirement. All customer vehicles entering or leaving the aircraft operation area must be accompanied
13 at all such times by employees of TENANT or its subtenants. Customer vehicles within the aircraft
14 operating area shall be parked inside of aircraft hangars and not on any taxiway or between hangars.

15 **39. NOISE ABATEMENT.** TENANT expressly covenants to make every
16 reasonable and prudent effort to ensure that aircraft based on, or operating from, the Leased Premises
17 adhere to duly adopted present and future Noise Abatement Pro- grams and rules and regulations
18 relating thereto.

19 **40. AVIGATION EASEMENT.** There is hereby reserved to the LANDLORD, its
20 successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in
21 the airspace above the surface of the Leased Premises herein leased. This public right of flight shall
22 include the right to cause in said airspace any noise inherent in the operation of any aircraft used for
23 navigation or flight through said airspace or landing at, taking off from or operation on the Long Beach
24 Municipal Airport.

25 **41. GENERAL CONDITIONS**

26 A. **NON-DISCRIMINATION**

27 In the performance of this Lease, the TENANT will not discriminate against any

1 employee or applicant for employment because of race, color, religion, ancestry, or national origin.
2 TENANT will take affirmative action to ensure that applicants are employed, and that employees are
3 treated during employment, without regard to their race, color, religion, ancestry, or national origin.
4 Such action shall include, but not be limited to, the following: employment, upgrading, demotion or
5 transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of
6 compensation, and selection for training, including apprenticeship. TENANT shall post in conspicuous
7 places, available to employees and applicants for employment, notices setting forth the provisions of this
8 Fair Employment Practices paragraph.

9 B. NOTICES

10 Any and all notices to be given under this Lease, or otherwise, may be served by
11 enclosing the same in a sealed envelope, addressed to the party intended to receive the same, at its
12 address, and depositing the same in the United States Post Office as registered mail with postage
13 prepaid. When so given, such notices shall be effective from the date of the mailing of the same. For
14 the purposes hereof, unless otherwise provided in writing by the parties hereto, the address of the
15 LANDLORD and the proper party to receive any such notices on its behalf is the Airport Manager,
16 4100 Donald Douglas Drive, Long Beach, California 90808, and the address of the TENANT is Chief
17 Administrative Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California
18 90012 Attn: Director of Real Estate.

19 C. CAPTIONS

20 The use of paragraph headings or captions in this Lease is solely for the purpose of
21 convenience and the same shall be entirely disregarded in construing any part or portion of this Lease.

22 D. HOLDING OVER BY TENANT

23 In the event of TENANT holding over and failing to surrender the Leased Premises at
24 the expiration of the term hereof, or any extension thereof, with or without the consent of
25 LANDLORD's City Manager, said holdover shall result in the creation of a tenancy from month to
26 month at the monthly rental in effect for the last month prior to termination hereof, payable on the first
27 day of each month during said month to month tenancy. Nothing herein shall be construed to grant

1 TENANT any right to hold over at the expiration of the term, or any extension thereof without the
2 express written consent of LANDLORD's City Manager. All other terms and conditions of this Lease
3 shall remain in full force and effect and be fully applicable to any month to month tenancy hereunder.

4 E. BANKRUPTCY

5 Should TENANT make an assignment for benefit of creditors or should a voluntary or
6 involuntary petition of bankruptcy or for reorganization or for any arrangements be filed by or against
7 TENANT, or if TENANT becomes bankrupt or insolvent, or if a receiver is appointed of TENANT's
8 business or assets (except a receiver appointed at request of LANDLORD), such action shall constitute
9 a breach of this Lease for which LANDLORD, at its option, may terminate all rights of TENANT or
10 TENANT's successors in interest under this Lease, except as provided in this Lease, provided,
11 however, that an involuntary petition for bankruptcy or reorganization which is dismissed within sixty
12 (60) days after filing without loss to LANDLORD shall not constitute breach of this Lease.

13 F. DISPOSITION OF PERSONAL PROPERTY ABANDONED BY
14 TENANT

15 If TENANT abandons the Leased Premises or is dispossessed thereof by process of
16 law or otherwise, title to any personal property belonging to TENANT and left on the Leased Premises
17 thirty (30) days after such abandonment or dispossession shall be deemed to have been transferred to
18 LANDLORD. LANDLORD shall have the right to remove and to dispose of such without liability
19 therefor to TENANT or to any person claiming under TENANT and shall have no duty or obligation to
20 account therefor.

21 G. SUCCESSORS IN INTEREST

22 Unless otherwise provided in this Lease, the terms, covenants and conditions contained
23 herein shall apply to and bind the heirs, successors, executors, administrators and assigns of all of the
24 parties hereto, all of whom shall be jointly and severally liable hereunder.

25 H. COSTS OF SUSTAINING AN ACTION FOR BREACH OR
26 DEFAULT

27 In the event LANDLORD commences legal action against TENANT claiming a breach or

1 default of this Lease, LANDLORD if successful shall be entitled to recover from TENANT its costs
2 and expenses of said litigation, including but not limited to reasonable attorneys' fees.

3 I. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

4 If either party hereto shall be delayed or prevented from the performance of any act required
5 hereunder by reason of acts of God, restrictive governmental laws or regulations or other cause, without
6 fault and beyond control of the party obligated other than financial incapacity, performance of such act
7 shall be excused for the period of the delay; and the period for the performance of any such act shall be
8 extended for a period equivalent to the period of such delay, provided, however, nothing in this section
9 shall excuse TENANT from the prompt payment of a rental or other charge required of TENANT
10 hereunder except as may be expressly provided elsewhere in this Lease.

11 J. AMENDMENTS

12 This Lease sets forth all of the agreements and under- standings of the parties hereto and is not
13 subject to modification, except in writing duly executed by the legally authorized representatives of each
14 of the parties.

15 K. LEASE ORGANIZATION

16 The various headings in this Lease, the number of letters thereof, and the organization of the
17 Lease into separate sections and paragraphs are for purposes of convenience only and shall not be
18 considered otherwise.

19 L. PARTIAL INVALIDITY

20 If any term, covenant, condition or provisions of this Lease is held by a court of competent
21 jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in
22 full force and effect and shall in no way be affected, impaired or invalidated thereby.

23 M. WAIVER OF RIGHTS

24 The failure of TENANT or LANDLORD to insist upon strict performance of any of the terms,
25 conditions or covenants herein shall not be deemed a waiver of any

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27 rights or remedies that either may have, and shall not be deemed a waiver of any subsequent breach or

1 default of the terms, conditions or covenants herein contained.

2 N. TIME

3 Time is of the essence of this Lease.

4 O. APPROVALS AND CONSENTS BY CITY

5 Wherever in this Lease consents or approvals by LANDLORD, the City Manager or the
6 Airport Manager are required, such consents or approvals shall not unreasonably be withheld or
7 delayed.

8 P. PROHIBITION AGAINST RECORDING LEASE

9 RECORDABLE MEMORANDUM OF LEASE

10 This Lease shall not be recorded. LANDLORD and TENANT agree that they shall, at any
11 time at the request of the other, promptly execute a memorandum or short form of this Lease, in
12 recordable form, setting forth a description of the Leased Premises, the term of this Lease, and any
13 other provisions herein, or the substance thereof, as either party desires, and the cost of recording any
14 such memorandum or short form shall be paid by TENANT.

15 Q. QUIET POSSESSION

16 LANDLORD covenants and agrees that TENANT, upon paying the rent and other charges
17 herein provided for and observing and keeping the covenants, conditions, and terms of this Lease on
18 TENANT's part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Leased
19 Premises during the term of this Lease without any hindrance or molestation by LANDLORD or any
20 person claiming under LANDLORD.

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26 R. EFFECTIVE DATE

27 The effective date of this Lease shall be the date of execution hereof by TENANT.

1 IN WITNESS WHEREOF, the parties executed this Amended and Restated Lease in
2 duplicate with all the formalities required by law and the respective dates set forth opposite their
3 signatures.

4 ATTEST:

5 CONNY B. McCORMACK
6 Registrar-Recorder/
 County Clerk

COUNTY OF LOS ANGELES

 DAVID E. JANSSEN

 Chief Administrative Officer

7 By _____ By: _____
8 Deputy

 Title: _____

9 Dated: _____ Dated: _____
10

11 "TENANT"

12
13 **CITY OF LONG BEACH**, a
14 municipal corporation

15
16 Dated: _____, 2003

17 By _____
 City Manager

18 "LANDLORD"

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This Amended and Restated Lease is hereby approved as to form this
____ day of _____, 2003.

ROBERT E. SHANNON, City Attorney

By _____
Everett L. Glenn, Deputy

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EXHIBIT AA@
LEASED PREMISES

EXHIBIT AB@

LEGAL DESCRIPTION OF LEASED PREMISES

EXHIBIT AC@

DRAWING OF ORIGINAL PREMISES

EXHIBIT AD®

LEGAL DESCRIPTION OF AEROBUREAU SITE

EXHIBIT AE@
FAA ASSURANCES